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# Female Entrepreneurship in Republic of Albania

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## Abstract

The social – economical development of a democratic country is based on an active civil society, where the ability of individuals, both man and women can be developed on equal level. Traditionally, in Albania, women have participated in the economical and social life and have reached high levels of educations but currently their status is very controversial.

The official information to be used for a valid assessment of women participation in businesses is insufficient and can be obtained by the National Institute of Statistics. In other institutions there is not much information regarding the gender specification. For this reason in this presentation, I am referred to studies on women in business of two women associations, respectively the Women's Centre and the Association of Business and Professional Women.

## 1. Participation of women in the social and economical life of the country.

The start of women business in the transition period from the socialism to free market economy, dates 1990, accompanied by lack of proper legislation especially regarding the fiscal system, imports and exports.

In the year 1993-1994, it started the privatisation of the state enterprises which gave an impetus to the creation of the private sectors.

## **2. Women participation in business compared to men**

According to the data about the registered private businesses 82.5 % belong to Men and only 17.5% Women.

Regarding the lower % of women in business there are different reasons, which have to do with:

The gender division of work that allows women less time for business, less information, less experience, fewer contacts, fewer capital investments resources, limited possibilities for travelling, exposure to violence, lack of self-confidence and missing trust by men on their capacity, fewer opportunities to acquire the common practices of business management in Albania.

It is difficult to measure the relative importance of each factor separately, but it's for sure that their combination generates a male dominated environment which is not favourable to women who want to engage in business.

## **3. Participation of women in different kinds of business**

The largest number of registered businesses is in the capital with 31% and in smaller % in other 9 cities. 85% belong to urban areas and 15% to rural ones.

The main sectors, where women conduct their businesses are:

- commerce, as seller;
- several services like dentists, pharmacists, lawyers, notaries, hairdressers etc.
- industry/agricultural business where they are involved in diary production, textile, tailoring production, publishing houses, handicrafts etc.

The "female" business is concentrated in commerce and services and less in other sectors. The reasons referred to:

- The high % of women in commerce is due to the system of privatisation in the early 90-s that passed the shops or property to the shop assistants, who were mainly women. This has been transformed now in family business with the husbands taking care of the provision of the goods.
- Also, in the service sector, the women with a University degree continued to offer their services on private-business basis.

#### **4. Employment in female businesses**

The official information on employment shows that the majority of the women are self-employed in their own business, which often becomes a family business where informally, other members of the family are employed.

From interviewing women it results that many businesswomen see difficult, the employment of new employees, or in many cases do not declare the employed persons.

The likely reasons are:

- high fees of social insurance that the businesswomen have to pay for their employees;
- low professional level of new/young employees.

#### **5. Sources of initial capital investment**

It is difficult to find data in this issue, so we have concluded based on the results of the interviews with businesswomen:

- The initial capital for the start of the business usually comes from family savings, or relatives, which is a positive aspect. The majority of the business has started with less than 5000 USD.
- A limited number of women have applied for credits from the banks. These mainly belong to the sectors of construction, production and big sales. Only a small number of about 8% has been successful in getting the credit.

#### **6. Data on the profile of the businesswomen**

From the studies it results that:

- Business women enjoy a high level of education (86-93% university diploma or at last upper secondary school diploma)
- Their marital status as married women with children did not prevent them to start the business
- The main cause for starting the business has been economical reasons (78% mentioned this as the reason, 60% mentioned as reason the need for better social status).

## 7. The problems faced from businesswomen

- Lack of financial support by state and private ones, from other institutions and financial foundations.
  - High interest rates of credits applied till now by the banking system (varying from 13-43% in ALL)
  - Corruption, low level of qualifications, lack of monitoring of business progress from credits' s officers of second level banks, which has led to non-return of 50% of credit amount.
  - Lack of technical preparation from women side to deal with financial institutions.
  - High norm of collaterals as guaranty for receiving credits (from 100-200%)
- Poor legal framework on tax system and fiscal policy, which do not favor business, unclear the income taxing system, unfair competition, etc.
- Lack of state institutions providing updated information on state of business
- A social environment mistrusting the managerial capability of women entrepreneurs
- Unsuitable infrastructure for business development, lack of regular supply with water, electricity, telephone connection, etc. For women is difficult to travel alone at any time and everywhere because they might be victim of prejudice and robbing. Lack of proper order, which caused many women, ran businesses to close down.

Among most important measures to be taken by the government to support the private business are considered: the business related legal framework, strengthening of credit system, political stability, etc.

## 8. Bodies the support the women entrepreneurs

Among the bodies that support women in business are:

- The government through the Women Department established in 1992, currently named "*Women and Family Committee*" under the supervision of Council of Ministers. It aims to foster women participation in all spheres of life via the development of social policies, improvement of legislation, co-operation with local governments. The range of issues that it is dealing with, is broader than women and business. In the framework of assistance and promotion of women participation in business it has conducted three training courses, sponsored by the government and international organizations like UNDP. EU, ILO. Beneficiaries have been businesswomen and NGO-s. There are no other bodies that channel

that state support from NGO-s. The legal framework for their development is insufficient. It is still lacking a general strategy for the support of the NGO sector.

Main foreign institutions and agencies that have provided support to women businesses

➤ USAID through project has been one of the main donors for business the strategy and plans for development of women via the Committee "Women and Family". It has in focus also the NGO-s and continues to play the coordinators role with the donors community for strengthening the civil society in Albania.

➤ SNV (The Netherlands Development Organization) with its program on poverty reduction with a focus on women, will still in the future promote the production and trade of agricultural products especially in the Northern-east part of the country.

➤ EC through the PHARE program has financed several projects of women NGO-s, the project on creation of new working posts for women in two sewing workshops and publishing house.

➤ GTZ, the German project for support of SME-s has offered assistance for the support, training and promotion of 192 women entrepreneurs.

➤ -SOROS Foundation (OSFA) supports the women NGO-s activities through the Women Programs.

Despite the progress reached, from the above institutions there are acknowledged also weaknesses. For all bodies there is not yet compiled a long-term strategy for assisting women in all phases of the business, there is no collaboration between them to prepare a combined program of assistance for women. The training is mostly academic and there is no follow-up to monitor the implementation in practice.

The NGO-s supporting the women entrepreneurs.

There are *more than 64 active women NGO-s in Albania* from which, 16 have facilitated the participation of women in business or their employment. They operate mainly in the capital (about 11) and in the main cities of the country, based on the needs of developing the small private businesses in those areas. During their maturity period (1995-1998) they have realized 187 projects. 16 NGO-s have managed a total fund of 524 190 USD (except the Independent Women Forum that has managed other considerable not included funds).

The women NGO-s that assist woman entrepreneurs try to encourage them to undertake a business and get employed.

Among these organizations can be mentioned:

1. Legal women Group and Women Center that have prepared recommendations on the Labor Code in 1995 and the impact on women status. Nine of their recommendations have been adopted by the parliament

2. The independent Women Forum with 16 branches indifferent cities has opened two sewing businesses in two cities.

3. The Independent Association of Business and Entrepreneurs Women with its branches in 15 cities and 200 members, 20% of who run a business. It has conducted round tables, training for businesswomen, and a national study on businesswomen with the support of GTZ.

4. Women`s Center as a coordination unit of activities of women NGO-s has contributed to the support women entrepreneurs through studies, trainings on “Start your business” with women from different districts. It has provided also a rich literature useful for women running a business.

5. The Association Law and Rights of Rural Women is the only one that is promoting the rural women entrepreneurs. It has conducted several trainings courses on business running field.

6. The Association for Promoting of Women in Business with its center in Vlora has branches in four districts and has supported projects for participation of women in business, around 70 training workshops with women funded by international organizations in and outside Albania. It has organized also fairs with artistic handicrafts of women, etc. Other women Organizations not mentioned here are local organizations, with limited number of members. The majority of NGO-s that supports women entrepreneurs has broader objectives, rather than specifically supporting women businesses. There membership is usually limited. Their activities related to the field of training, studies and public discussions.

The impact of business NGO-s in the support of women entrepreneurs has been insufficient. The problems have derived from lack of experience, lack of trust in their role and the strengthening of the role of entrepreneur women themselves.

Nevertheless, as a matter of fact, the women movement in support to women entrepreneurs is becoming more massive and consolidated. The positive trend for increasing the number of branches in other districts has to be followed by the increase of the membership. The NGO-s are becoming more and more as representatives of specific interest of women entrepreneurs of those that aim to start a women business and of women that want to improve the managerial skills, before being engaged into a real business.